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Hungarian–Italian Economic Relations, 1927–1934

Abstract

With the Italian–Hungarian Treaty of Friendship firm on 5 April 1927, Hungary's most important ally became Italy who approached to Hungary due to political and economic interests. In 1927–1928 the two States made economic treaties. In 1929 Iginio Brocchi drew up the plan of a customs union between Italy, Hungary and Austria, so he planned a trilateral contract. Its realization was very difficult for many reasons. After the economic crisis the European States realized the importance of the Danubian States' cooperation, so other favourable offers were made beside the triple bloc. And unless the Brocchi-plan was introduced as a bilateral contract with the signing of the Semmering Accord (1932), its non-viability cleared up soon. By 1933 the main problem of Europe was the Anschluss, and the States wanted to thwart it at any price. Because of this the Great Powers began to support the alliance of Hungary, Austria and Italy. The Hungarians and the Italians were always standing for it, and in this year they succeeded to convince Austria of its pertinence. The result was the signing of Roman Protocols on 17 March 1934.

Keywords: economic relations, interwar period, foreign policy, commercial accord, Brocchi-plan, Semmering Accords, Roman Protocols

The First World War has changed the European power system. The Austrian–Hungarian Monarchy collapsed, and new, successor States replaced it. The collapse of the Monarchy made an end of the economic unity in the Danubian basin. By the 1920s the Great Powers realized they could get influence in the region mainly in its economic life. Especially France and Italy aimed this.

In my essay I would like to present the aforementioned attempts made by Italy, in which Hungary played a key role after the Italian–Hungarian Treaty of Friendship. Following the world economic crisis, the States of Europe had different plans for managing it. Italy also had a concept made by the Italian economic diplomat Iginio Brocchi, who wanted a triple bloc between Italy, Hungary and Austria. In 1927–1928 bilateral Hungarian–Italian economic contracts were signed, then, from 1929, they wanted to realize the customs union planned by Brocchi. It did not succeed, but the Roman Protocols between Austria, Hungary and Italy firm on 1934 included economic points.

During the interwar period the economic relations of the two States were significant. Hereafter I ought to present these, based on primary sources (papers and contracts) that can be found in the Hungarian National Archives, and in the Italian Diplomatic Documents (I Documenti Diplomatici Italiani/Settima serie/Volume 6–14).¹

¹ The French Diplomatic Documents of the Carpathian Basin can be used as well: Magda ÁDÁM

The „loser-victorious” of the First World War, Italy preserved her ambitions for being a Great Power after the Versaille Peace System, too. She struggled to expand her influence in three directions. One was Africa where Italy wanted to gain colonies, the other was the Balkan, and the third – which is the most interesting for us – was the Danubian basin. Italy regarded for the two ulterior regions as bags with new possibilities.² At the beginning of 1920s Italy ought to reach the wished influence in South West of Europe allying with the Little Entente States, so in 1924 she completed the Agreement of Rapallo signed on 12 November 1920 with Yugoslavia as a Treaty of Friendship,³ and she approached to Romania, as well. With the latter she made a contract on 16 September 1926. Its secret reservation said that if one of the two States began war with a third State, the other signatory would remain neutral.⁴ The establishment of this contract was possible because in 1926 the new Romanian Prime Minister had been Alexandru Averescu, friend of Italy.⁵

In the same year Benito Mussolini planned a Danubian-Balkan alliance, modelling the Pact of Locarno of 1925 put across by the French and German Secretaries of State, Aristide Briand and Gustav Stresemann. The idea of Mussolini – which is often called Balkan-Locarno since nowadays – aimed for a Romanian–Bulgarian–Hungarian bloc under Italian leadership.⁶ This alliance of the four States

(ed.): *Francia diplomáciai iratok a Kárpát-medence történetéről, 1928–1932*. MTA TTI, Budapest, 2013. As for the literature used concerned, some essays were written about the economic plans and political concepts of the Great Powers: DIÓSZEGI László: *A Tardieu-terv. Francia válságmenedzselési kísérlet Közép-Európában*. Rubicon, 1994/8. DIÓSZEGI László: *A nagyhatalmak és a Duna-medence az 1930-as években*. IN: ROMSICS Ignác: *Magyarország és a nagyhatalmak a 20. században: tanulmányok*. Teleki László Alapítvány, Budapest, 1995. NICOLOSI, Simona: *La politique étrangère italienne en Europe Danubienne: le projet Brocchi*. Specimina nova dissertationum ex Institutio Historico Universitas Quinqueecclesiensis, 2005/2. PÖLÖSKÉI Ferenc: *Magyarország és a nagyhatalmak az 1920-as években*. IN: ROMSICS Ignác: *Magyarország és a nagyhatalmak a 20. században: tanulmányok*. Teleki László Alapítvány, Budapest, 1995. The role of Italy in the Hungarian policy during the Interwar period is presented by ORMOS Mária: *Bethlen koncepciója az olasz–magyar szövetségről (1927–1931)*, Történelmi Szemle, 1971/1-2. Among the monographies the books about the Italian and Hungarian foreign policy can be used: BURGWIN, Henry James: *Italian Foreign Policy in the Interwar Period: 1918–1940*. Praeger, London, 1997. CAROCCI, Giampiero: *La politica estera dell'Italia fascista, 1925–1928*. Laterza, Bari, 1969. JUHÁSZ Gyula: *Magyarország külpolitikája 1919–1945*. Kossuth, Budapest, 1988. MÁRKUS László: *A Károlyi Gyula-kormány bel-és külpolitikája*. Budapest, 1968. NEMES Dezső: *A Bethlen-kormány külpolitikája 1927–1931-ben*. Kossuth, Budapest, 1964. PRITZ Pál: *Magyarország külpolitikája Gömbös Gyula miniszterelnöksége idején: 1932–1936*. Akadémiai, Budapest, 1982. The books written by foreigner writers mainly enforce the Balkan policy of Italy, which is not so important in my essay. The French foreign policy is presented by Mária ORMOS - *Franciaország és a keleti biztonság, 1931–1936*. Akadémiai, Budapest, 1969. György RÁNKI – *Gazdaság és külpolitika: a nagyhatalmak harca a délkelet-európai hegemoniáért (1919–1939)*. Magvető, Budapest, 1981. – presents the Danubian economic plans of the Great Powers (1981). For the Italian–Hungarian relations during the Gömbös Government some details can be found in the book of György RÉTI: *Budapest–Róma Berlin árnyékában*. Budapest, ELTE Eötvös 1998..

² CAROCCI (1969): 13–14.

³ JUHÁSZ (1988): 105.

⁴ Ibid.

⁵ CAROCCI (1969): 59.

⁶ BURGWIN (1997): 36.

targeted the economic expansion of Italy, then, later, her hegemony.⁷ The Italian leader tried to gain Yugoslavia over for his plan so much that he even offered military alliance with her. But the Yugoslavs, in sight of the disapproval of the British Secretary of Foreign Affairs Austen Chamberlain, said no to the plan.⁸ In regard of the participants the plan was foredoomed to failure. To make its reasons clear I must refer to some events that had happened earlier. Romania became independent due to the Peace of San Stefano (1878) which closed the Russian–Turkish War of 1877–1878. In the same year the Congress of Berlin was held where Romania received Northern-Dobruja. After the Second Balkan War in 1913 the Treaty of Bucharest also adjudged Southern-Dobruja to the Romanians.⁹ So Bulgaria, in 1926, explained her insistence on Dobruja saying promptly „no” to the alliance of the four States.¹⁰ After the First World War Romania – inter alia – gained Transylvania, and since the contract planned by Mussolini presumed the return of the Hungarian-populated territories, she said „no” as well.¹¹ Following this, the already mentioned Italian–Romanian Treaty was signed.

After such antecedents Mussolini, by the end of 1926, decided that Italy had to return to her anti-Yugoslav policy and she would help the collapse of Yugoslavia at any costs. For this ambition Italy had already found the perfect partner in Hungary after the First World War, so our little homeland had been again in the lime-light of Italy (Italian politics). The only problem was that in the meantime Hungary even approached to Yugoslavia, against who had to act according to the Italian conception. Beyond this Hungary meant an excellent possibility for the Italian economic expansion in the Danubian basin. Weighted these up, Italy started to prevaricate. First, the Italian Secretary of Foreign Affairs Dino Grandi offered the involvement of Italy to make the Hungarian–Yugoslav negotiations successful, flashing the possibility of a trial bloc. The Italian envoy of Budapest Ercole Durini di Monza announced this plan to István Bethlen,¹² who was one of the most significant Prime Ministers of the Horthy-era (1921–1931). He worked up the political conception of the regime. His foreign policy can be divided into two phases. Before 1926 it was passive, because the Entente States controlled Hungary both financially and militarily. By 1927 the control ceased and the „active phase” of Bethlen’s foreign policy, with advertised revisionism, could be begun.¹³ Bethlen thought that Italy was able to help revisionism, because Mussolini also wanted to disrupt the status quo formed in Versailles. Beyond this, neither of the two States was interested in the expansion of the Slavs living in Yugoslavia and in the Soviet Union.¹⁴

⁷ NICOLOSI (2005): 285.

⁸ CAROCCI (1969): 52.

⁹ JELAVICH, Barbara: *A Balkán története II. 20. század*. Osiris, Budapest, 1996. 92.

¹⁰ CAROCCI (1969): 52.

¹¹ BURGWIN (1997): 38.

¹² NEMES (1964) 44.

¹³ ORMOS (1971): 135.

¹⁴ CAROCCI (1969): 79.

Added to this, in the 1920s for Hungary the policy of Italy and France in Central-Europe was determining,¹⁵ and that time there was the possibility to associate with one of them. So Bethlen travelled to Rome and on 5 April 1927 the Agreement of Friendship, Peacemaking Procedure and Arbitration was signed. It strengthened Italy's Central-European positions,¹⁶ which can be considered as the basic condition, or beginning of the economic expansion of Italy.

We can divide the Hungarian–Italian economic relations between 1927 and 1934 into two phases. In 1927–1928 Hungarian–Italian bilateral contracts were made so that was the first phase. The second phase began with the birth of the Brocchi-plan (1929). Following that the allies were trying to make Austria involved in the economic cooperation, making their relations trilateral. The trial bloc was finally created by the Roman Protocols signed on 17 March of 1934.

Years of the Hungarian–Italian economic agreements (1927–1928)

Agreements of Fiume

In October 1926, when Mussolini laboured for realizing the Italian–Hungarian alliance, he promised to give preferences to Hungary in Fiume.¹⁷ After firming the Treaty of Friendship it occurred soon because Italy was interested in quickening the trade of Fiume's port in order to enable the town to re-occupy the position it possessed in Central-European commerce before the dissolution of the Monarchy. On 25 July 1927 the „*Protocol for Developing the Hungarian Trade passing Fiume's port*” was firmied. The agreement consisted of nine articles announcing that after giving effect to it, the items coming from Hungary would enjoy the same preferences in respect of common charges and sales tax as Italian items. So „*there will be no difference between items transported on ships with the Italian flag or Hungarian flag*”.¹⁸ The Italian Government would not only let Hungarian ships into the port, but it would also help Hungarian items to flow to Fiume. In exchange Hungary would have to set up a shipping company in the town within three months after the convention came into effect. By that time the signatories of the treaty would set up a joint committee for working out the details of preferences given to Hungary, and for the fixation of the carriages' tariffs. In addition to these the Italian Government promised that cereal traditionally arriving on Italian railway would be directed to Fiume, as well.¹⁹ The protocol – completed with a point which made Hungary to set up a warehouse for Hungarian products, mainly

¹⁵ PÖLÖSKEI (1995): 97–98.

¹⁶ ÁDÁM Magda: *A kisantant*. Kossuth, Budapest, 1981. 137.

¹⁷ NEMES (1964): 45.

¹⁸ Magyar Nemzeti Levéltár Országos Levéltára (MNL OL) K 70/ Bundle 335/Hungarian–Italian, 1928–1934. 71. Hungarian–Italian Protocol for Developing of the Hungarian Trade passing Fiume's port. Citation in Hungarian: „*Nem tétetik különbség olasz lobogót vagy Magyar lobogót viselő hajókon fuvarozott áruk között.*”

¹⁹ Ibid.

cereal and sugar in Fiume – was put in effect on 18 November 1934.²⁰

One year after the protocol of 1927, on 11 June 1928 Italy and Hungary firmed an agreement of the „*Financial Questions Revealed Due to Fiume's Italian Possession*”,²¹ which confirmed the regulations of 27 March 1924.²² The treaty made in 1924 was necessary because in January 1924 Italy and Yugoslavia firmed the Roman Agreement which gave Fiume to Italy, so the sometime Hungarian port-town got into Italian authority. Hungary and Italy controlled the liquidation of Hungarian citizens' possessions in Italy. Based on the agreement of 1928 all the citizens of Fiume – including Hungarians as well – were Italian citizens, so inhabitants of Fiume were not concerned with these financial questions. Related to the settling of pre-war debts of Hungarian citizens living outside Fiume, but residing in Italy, the Italian demanders had to submit their claims within six months to the Hungarian State. If the settling did not succeed, the Italian demanders could ask the decision of joint arbitration. Hungarian citizens could pay their debts with their property found in Italy.²³ This agreement was codified in Hungary in 1928 (article 23th).²⁴

The Attempt of the Italian Loan to Hungary

It is well-known that after realizing the alliance, Mussolini promised military/martial loan to Hungary. The Italian Government could not maintain this promise, supposedly because of Italy's grave economic situation. On 6 April 1926 the Hungarian Secretary of State Lajos Walko reported about the secret travelling of Bethlen to Milan, where he negotiated with Mussolini.²⁵ The main topic of the meeting was the Hungarian treaty revision. Bethlen gave a note to Mussolini, in which he explained that military forces of the two States had to be warlike by 1935. To this, Mussolini promised military training, weapons and a loan of 300 million Hungarian „pengő”.²⁶ Mussolini – afraid of international affairs – delayed the disbursement of the loan, and in October told to the Roman envoy of Hungary András Hory that the loan could be given only in public, with the (false) aim of building bridges and roads.²⁷ One year later Grandi again asked the patience of Hungarian leaders, alluding to the lack in the foreign currency of the Italian National Bank.²⁸ Another option was the treaty of the Italian National Bank and the Hungarian Government to the disbursement of the loan, but Italians averted the offer with the reason that their Bank could not give loans to neither Foreigner,

²⁰ Ibid.

²¹ MNL OL/ Bundle 334/ Item 134/b. Financial Questions Revealed Due to Fiume's Italian Possession.

²² In detail: <http://www.1000ev.hu/index.php?a=3¶m=7606> (Download: 1. 11. 2013.)

²³ Ibid.

²⁴ <http://www.1000ev.hu/index.php?a=3¶m=7742> (Download: 1. 11. 2013.)

²⁵ MNL OL/K 64/ Bundle 30./ Item 23. 245. Telegram of Lajos Walko, 6 April 1928.

²⁶ ORMOS (1971): 143.

²⁷ NEMES (1964) 108–109.

²⁸ MNL OL/K 64/ Bundle 35/ Item 23. 404. Negotiation of Bethlen and Grandi, 3 April 1929.

nor Inland Governments.²⁹ This was obviously a trumped-up reason, because on 14 November 1928 Mussolini suggested the cooperation of the Hungarian State and the Italian Bank, because a State could not give loans to another State. The Italians were afraid of the consequences of giving the loan, because if it had turned out, Italy would have been compromised before the other European countries. So Grandi announced that the aim of the money given by Italy had to be kept in secret.³⁰ Italy could imagine the contract between the two National Banks, but it was not a possible solution for Hungary, for it would have meant a drawback to the Hungarian National Bank if it had been a borrower. If the Bank would take up the loan even so and give it to the Hungarian Government, the Bank had acted irregularly.³¹ Subsequently this, the plan was dropped.

The Agreements of 4 July 1928

It can be said that the Italian–Hungarian Commercial and Shipping Agreement of 4 July 1928 was more successful than the contracts discussed earlier, because it was put in effect soon and was valid all along in the period examined. The Agreement was signed by András Hory and attaché Alfréd Nickl from Hungary, while from Italy the signatory – as usual – was Benito Mussolini.³² The signatories of the treaty arranged that they would vice versa guarantee the liberty of the commercial, the shipping and the other signatory's commercial rights to each other. So the signatories could travel, settle down and trade into the territory of the other State, and they could have the same properties as the citizens of the given State. In each other's country the signatories could arrange their commercial affairs liberally and they did not have to pay for this. They could practice industrial activities, too. The signatories acquitted from military service and from the payment of its obligations. If the taxes had caused any problem, the citizens of the other State had the right to the same financial litigation as the inland people. They applied the principle of maximum preferences to each other's raw materials and industrial items. They did not aggravate the other party's import and export, and their commerce with duties or other abridgements. They used eased tariff for items taken on railway passing through each other's country. The Agreement also announced that Hungarian ships arriving at Italian ports had the same rights as Italian ones.³³ The Agreement signed for three years was codified in Hungary in 1929 (article 20th).³⁴

²⁹ 613. (Signature unreadable) to ministry of finance Sándor Wekerle, 24 September 1930.

³⁰ *I Documenti Diplomatici Italiani. Settima serie, Volume 6–14.* A cura di Rodolfo Mosca. Libreria dello Stato, Roma, 1953. (DDI) 7/7. Document 73. Ercole Durini di Monza to Benito Mussolini, 14 November 1928. 84.

³¹ MNL OL/K 64/ Bundle 40/ Item 23. 618. (Signature unreadable) to ministry of finance Sándor Wekerle, 26 September 1930.

³² MNL OL/K 70/ Bundle 334/ 1928-II-1-Italy. Italian–Hungarian Commercial and Shipping Agreement.

³³ Ibid.

³⁴ MNL OL/K 70/ Bundle 334/1928-II-1-Italy. 1928/33.

Hungary and Italy signed – together with the commercial contract, on 4 July 1928 – the Agreement of Animal Health.³⁵ Its main point was that the eased commercial conditions were also applicable for animals as well, but since the animals – especially the poultries – could diffuse illnesses, they could be imported only with a medical letter stating their healthiness. In case of animal carriages it was necessary to annex the certificate of origin, too.³⁶

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In 1929 the world economic crisis exploded, and because of its effect the countries of Europe made different attempts to manage the crisis. Both the little States earlier intentions of creating an independent economic policy and the Great Powers realized the necessity of economic cooperation in Central-Europe.³⁷ In Italy the plan of the customs union between Italy, Hungary and Austria began to be outlined. Beside this Hungary – which is situated in the centre of the Danubian basin – received more offers from other States, so I think it is important to speak briefly about these, too.

From the Brocchi-plan to the Roman Protocols (1929–1934)

Plans for Economic Cooperation in the Danubian basin

After the world economic crisis the Great European Powers, such as Great-Britain, France, Italy and Germany all had a conception that aimed at economic cooperation. The little, but very ambitious Czechoslovakia also figured out a plan. The President Eduard Beneš announced his conception, with the aim of a customs union between Czechoslovakia, Austria and Hungary, in November 1931.³⁸ Although the plan became public just in that year, Beneš had already spoken about it in 1928 to the States of the Little Entente. Then he had thought about an alliance of four States, where the fourth would have been Yugoslavia. The third member of the Little Entente, Romania would have been left out of the alliance.³⁹ Beneš accepted that the plan – if it was realized – would make it possible for Czechoslovakia the retention of Hungarian-populated territories, the deepening of the alliance with Yugoslavia, and economic expansion in Austria.⁴⁰ In the plan announced in public in 1931 neither Romania, nor Yugoslavia were mentioned, because Beneš thought these two States to be strongly German-orientated, and he wanted to close Germany from the Danubian basin. He thought that this offer would please both Great-Britain and Italy.⁴¹

³⁵ MNL OL/K 70/ Bundle 334/1928-II-1-Italy. Agreement of Animal Health between Hungary and Italy.

³⁶ Ibid.

³⁷ DIÓSZEGI (1994): 13.

³⁸ DIÓSZEGI (1994): 1.

³⁹ DDI/7./6. Document 444. Gabriele Preziosi (Envoy of Italy to Bucarest) to Mussolini, 30 June 1928. 387–388.

⁴⁰ Ibid.

⁴¹ DIÓSZEGI (1994): 1.

In March 1931 the possibility of a customs union between Austria and Germany became apparent, which scared most European States, as it seemed to be the „anteroom” of Anschluss, even though the two States said that the plan would have let the other countries to enter the union.⁴² This explanation, in fact, was for veiling their real plans. Romania and Yugoslavia liked the plan, because Germany offered preferences to their raw materials and farm products.⁴³ Probably that is why Beneš said that these two had seemed German-orientated. Great-Britain recieved the conception indifferently, but in France, Italy and Czechoslovakia it did not meet with success⁴⁴ - moreover, it caused panic –, so the plan failed.

The plan of the German–Austrian customs union was an excellent blind for Beneš to announce his own idea, because the Czechoslovakian–Austrian–Hungarian alliance could be reasoned as if it would be necessary against the Anschluss.⁴⁵ However, the plan displeased to the other Great-Powers, mainly to Germany.⁴⁶ The Czechoslovakian conception was not welcomed neither in the States involved in, and – for reasons understandable – mainly Hungary was dead against it. Czechoslovakia and Hungary were in customs war with each other. In 1930 Beneš did not renew the Czechoslovakian–Hungarian Commercial Agreement made in 1927, and he raised the customs of Hungarian cereal and animal imports. The Hungarian Government responded with the raising of the customs of Czechoslovakian industrial items.⁴⁷ According to one French comment among Hungarians *„no one showed the least interest for economic or political peace with Czechoslovakians. Beyond that it is probable that in the case of the Danubian cooperation neither their own ideas, nor the councils from Rome would make them to take sides with Prague”*.⁴⁸

Although at the beginning England supported the plan of Beneš, in December 1931 she said „no” after all, because by that time her own ideas began to be formed, as well. She thought that regarding the point of view of the economic life of the region the most fruitful solution would be the customs union of the six Danubian States, Hungary, Austria, Czechoslovakia, Romania, Yugoslavia and Bulgaria. The plan was nipped in the bud.⁴⁹

In his memorandum of 5 March 1932 the French Prime Minister André Tardieu

⁴² ORMOS (1969): 65.

⁴³ ORMOS (1969): 77.

⁴⁴ RÁNKI (1981): 137.

⁴⁵ MÁRKUS (1968): 210.

⁴⁶ DIÓSZEGI 8.

⁴⁷ ÁDÁM Magda: *Magyarország és a kisantant a harmincas években*. Akadémiai, Budapest, 1968. 46–47.

⁴⁸ ÁDÁM (2013): Document 178. François Charles-Roux (Envoy of France to Praga) to Aristide Briand, 17 October 1931. Citation in Hungarian: *„Senki sem mutatta a legparányibb hajlandóságot sem a csehszlovákokkal való akár gazdasági, akár politikai kibékülésre. Azonkívül az is valószínű, hogy a dunai tömörülés dolgában sem saját elképzeléseik, sem pedig a Rómából érkező tanácsok nem Prága mellé fogják őket állítani.”*

⁴⁹ DIÓSZEGI (1995): 100–101.

offered a preferential cooperation between Austria, Hungary and the three members of the Little Entente. His plan aimed – at least according to the Italian politicians – the removal of Austria and Hungary from Italy and Germany.⁵⁰ The French plan, which actually had already been revealed in 1930, wanted to quicken the trade of cereals.⁵¹ The Tardieu-plan met the most vehement opposition in Germany, because in case of its realization her South-West-European field would have been closed. But the German Government did not wish to oppose France straight, so she gathered allies. Germany thought that mostly she could count on Italy, so she approached either Italy or Hungary, and offered preferences to Romania, too.⁵² In her memorandum of 7 March 1932 Italy did not openly opposed the plan, she rather explained her own ideas.⁵³ This was the Brocchi-plan outlining for years, which Italy – in sight of the other concepts – wanted to realize as soon as possible..

István Bethlen, in one of his speeches, formed a common opinion of the plans of Tardieu, Beneš and England. He thought that the ideas lapsed because *„they do not resolve the economic problems, they were born from political back-door intents, or vice versa, they could be said to be political plans covered with political mantle. They were invented for the aim of housing Hungary into the power structure of the Little Entente, without the satisfaction of the Hungarian revisionist claims.”*⁵⁴ The plan of Italy, which would withdraw Hungary in one bloc with Austria, not with the members of the Little Entente, was welcomed with much greater expectations in Hungary.

The Brocchi-plan and Semmering

In 1929 the Italian economist diplomat Iginio Brocchi began to work out a plan, which could make it possible to Italy the wished economic expansion in the Danubian basin. Originally the plan sought an Austrian–Hungarian agreement with the protectorate of Italy. The Italian–Austrian–Hungarian commercial zone created in this way would have been enlarged with Yugoslavia according to the conception of Brocchi.⁵⁵ That Italy would like to make Austria involved in the Central-European economic cooperation came up first on 10 September 1929 in the official documents.⁵⁶ Since that time the Italians had made advances towards Austria

⁵⁰ MÁRKUS (1968): 262.

⁵¹ DDI/7./9. Document 309. Mario Arlotta (Envoy of Italy to Budapest) to Dino Grandi, 18 October 1930. 436–439.

⁵² DIÓSZEGI (1994): 14.

⁵³ DIÓSZEGI (1995): 104.

⁵⁴ Speech of Bethlen, 30 November 1933. In: ZEIDLER 2003. 575. Citation in Hungarian: *„A gazdasági bajokat nem oldják meg, politikai hátsó gondolatokból születtek meg, vagy fordítva, azt lehetne mondani róluk, hogy politikai tervek gazdasági köpönyegbe burkolva, amelyek többé-kevésbé mind abból a célból eszeltettek ki, hogy Magyarország látszólagos gazdasági kedvezményekkel a kisantant hatalmi csoportjának az érdekszférájába tereltessek be, anélkül, hogy a revízió terén előzetesen elégtételhez jutott volna.”*

⁵⁵ NICOLOSI (2005): 287.

⁵⁶ DDI/7./7. Document 617. Giacinto Auriti (Envoy of Italy to Vienna) to Mussolini, 10 September

economically as well as to Hungary, so it can be said that Italy was not so satisfied with the intensification of the bilateral Hungarian–Italian economic relations, but they had been thinking of economic expansion in the Danubian region.

The original Brocchi-plan included three points. The first said that between the Danubian States the difficulties of the export of the agricultural products had to be released with the customs tariff's reduction. According to the second point the signatory countries would have to find banks that used the favourable tariffs created for the participants. The third point spoke about the enlargement of the agreement with Yugoslavia.⁵⁷ The Yugoslavian State mentioned an excellent territory for the participants' export, and if she had joined, the commerce of Fiume and Trieste would be quickened.⁵⁸ But Hungary wanted to discuss all details with Italy before other States entered the bloc, because she wished to make Italy form concrete offers and conditions.⁵⁹ This was because Hungary was afraid that if the plan realized, the Italian industry would gather ground overly in our homeland.⁶⁰

On 4 December 1930 Brocchi explained that the involvement of Yugoslavia is necessary to make commercial ports directly accessible to Central-European States. As he could see, Germany wished the approach to the Danubian States, too. So Brocchi suggested examining Germany's intentions with caution, because the extraordinarily strong German industry meant concurrence to Italy. Brocchi thought that the biggest advantage for Italy was the economic cooperation with Hungary. Since Hungary was industrially under-developed, she could mean a significant territory for Italian export, while Italy could rectify her defects with Hungarian farm products.⁶¹ The Hungarian point of view of the plan was summarized by the deputy of the Secretary of State Sándor Khuen-Héderváry in his memorandum.⁶² According to the note, the general economic crisis made the agrarian States think of preferential systems created on regional bases. Naturally, political concepts had to be considered as well. Since Hungary's exports were mainly farm products she was interested in the birth of a solution as soon as possible. Because of the already mentioned political view-points Hungary thought that the only possible partner between the countries who made an offer to her was Italy. According to the memorandum the two States would give preferences to each other on certain products. Hungary would transport cereals, flour, neat, pork and butter on low customs to Italy, while Italy would ship fruits, rice, cheese, automobile, machines, and products made of glass or textile.⁶³

1929. 614.

⁵⁷ NICOLOSI (2005): 288.

⁵⁸ DDI/7./9. Document 394. Iginio Brocchi to Giuseppe Bottai (Minister of Corporations), 21 November 1930. 565–567.

⁵⁹ DDI/7./9. Document 327. Note of Brocchi, 27 October 1930. 468–470.

⁶⁰ MNL OL/K 69/ Bundle 704/ Item I-a-1. 3018/1930. Pro memoria, s.n.

⁶¹ DDI/7./9. Document 438. Note, 4 December 1930. 645–649.

⁶² MNL OL/K 69/ Bundle 704/ Item I-a-1. 3018/1930. Memorandum of Sándor Khuen-Héderváry to András Hory., 16 October 1930.

⁶³ Ibid.

The Hungarian project actually corresponded to the Brocchi-plan, which – as we could see – gave secret preferences for the signatories and they provided bilateral preferences to each other in export primes.⁶⁴ The signing of bilateral agreements occurred by 1931. In order to arrest the German–Austrian customs union, Brocchi explained in his memorandum of 26 March 1931 that Italy had to make an agreement with Austria that as long as the Italian–Austrian commercial accord lived the latter State could not make similar contracts with other countries.⁶⁵ The Italian–Austrian Treaty of Friendship, which was the basis of introducing the Brocchi-system, was signed in February 1930.⁶⁶ Almost one year later, on 26 January 1931 was made the Austrian–Hungarian Treaty of Friendship as an Agreement of Friendship, Peacemaking Procedure and Arbitration.⁶⁷ Since the German–Austrian customs union meant an enticing offer to Austria, the Envoy of Italy to Budapest Mario Arlotta and Bethlen agreed that there is an urgent necessity to restart negotiations on the Brocchi-plan's realization.⁶⁸ In May, after the fail of the German–Austrian customs union Grandi announced happily to Mussolini that either France or Germany promised not to obstacle the Italian projects.⁶⁹ For the reason of this promise Grandi did not write anything.

In July 1931 the Italian–Hungarian commercial agreement made in 1928 had staled, so on 21 July 1931 the signatories confirmed that –according to the conception of Brocchi – they would use reduced tariffs in their trading between each other. Hungary would export agricultural products to Italy, who would transport industrial items in return. The Italians would buy Hungarian products for 40 million lire, and Hungary would import Italian goods for 10 million lire.⁷⁰ This agreement for exporting is known – by the place of its signature – as Semmering Accords.

The procrastination of giving effect to the Semmering Accords supposedly happened because in August 1931 Hungary had a new Prime Minister, Gyula Károlyi, who wished to have a good relationship with France as well. But at the same time Bethlen continued to play an important role both in the Hungarian internal affairs and in foreign policy. So it could happen that in February 1932 Bethlen travelled to Rome, and urged both the Italian–Austrian–Hungarian customs union and the promulgation of the Semmering Accords.⁷¹ So these were officially signed on 23 February 1932, and it can be said as a result that the Brocchi-plan was realized partially. This signing did not mean the end of the agreements, because in order to prove without obstacles the commercial preferences fixed in Semmering the signatories had to found an incorporated company. So the Hungarian–Italian

⁶⁴ ORMOS (1969): 53.

⁶⁵ DDI/7./10. Document 169. Note of Iginio Brocchi, 26 March 1931. 264–266.

⁶⁶ NEMES (1964): 321.

⁶⁷ <http://www.1000ev.hu/index.php?a=3¶m=7888> (Download: 2013. 11. 03.)

⁶⁸ DDI/7./10. Document 170. Mario Arlotta to Dino Grandi, 26 March 1931. 266–269.

⁶⁹ DDI/7./10. Document 287. Grandi to Mussolini, 24 May 1931. 453.

⁷⁰ MNL OL/K 70/ Bundle 334/1932-II-1-Italy. Accord sur l'exportation, Semmering.

⁷¹ DDI/7./10. Document 215. Raffaele Guariglia to Mario Arlotta and Giacinto Auriti, 13 February 1932. 358–360.

Exporting Incorporated Company was born by the „*Agreement on the Regulation of Financial Questions of the Trade between Hungary and Italy*”.⁷² During the following negotiations in Rome the signatories agreed to found the incorporated company on 12 August, and the firm would be registered within 10 days. The flaw of the agreement was that Italy had no faith in the Semmering Accords’ practical application, and it was meant to be a political gesture towards Hungary.⁷³ Considering this fact, it can be said that the Brocchi-plan was unprosperous.

The Roman Protocols

Similarly to the realization of the Brocchi-plan, the signing of the Roman Protocols was the result of extended negotiations that continued for years. On 1 October 1932 the new Prime Minister of Hungary had been Gyula Gömbös, who wished the consolidation of the Italian–Hungarian friendship and the approach of the two States to Germany in his foreign policy.⁷⁴ He wrote a handwritten letter to Mussolini, in which – beyond expressing his friendly feelings to Italy – he brought up the reconsideration of the Italian–Austrian–Hungarian customs union suggested earlier by Bethlen. Further on, this union could be completed with Germany.⁷⁵ Gömbös visited Rome on 9 November 1932. During his rest of three days the two Prime Ministers negotiated about the trial bloc, with the involvement of Austria. Since Austria opposed the customs union of the three countries, it was not created then, but they reached an agreement on a three-member joint committee, of which role was to further negotiate in the subject.⁷⁶ Another committee was set for controlling the bilateral Italian–Hungarian commerce. This determined that the Hungarian cereal product had not been satisfying, so Hungary had to raise her animal export. Furthermore, Mussolini promised Gömbös that in the future the two States would help each others’ economy.⁷⁷

Since Gömbös thought that to quicken the Hungarian economy the partnership of Germany was needed anyway, he did not give up his struggle for creating a foursome cooperation with Germany instead of the trial bloc. In the summer of 1933, he visited the new German chancellor Adolf Hitler with the aim of economic negotiations, and he spoke about his plan of an Italian–German–Austrian–Hungarian union to Hitler. The meeting caused surprise and displeasure in Italy.⁷⁸ Maybe the reason of Gömbös’s

⁷² MNL OL/K 70/ Bundle 334/1933-II-1-Italy. 1930–1933: Accord pur régler les paiements des échanges commerciaux entre l’Italie et la Hongrie. In Hungarian: „Egyezmény a Magyarország és Olaszország közötti kereskedelmi forgalom anyagi kérdéseinek szabályozásáról”.

⁷³ MNL OL/K 69/ Bundle 707/ Item VI. Daily note, 16 August 1932.

⁷⁴ PRITZ (1982): 66.

⁷⁵ Ibid, 70.

⁷⁶ RÉTI (1998): 21–22.

⁷⁷ ÁDÁM (2013): Document 225. Edmond Petit de Beauverger (French ambassador’s deputy to Budapest) to Édouard Herriot (French Prime Minister and Secretary of State), 20 November 1932. 368–371.

⁷⁸ DDI/7./13. Document 863. Ciccondari (Italian Commissioner of Foreign Affairs to Berlin) to Mussolini, 19 June 1933. 902–904.

approach to Germany was the plan of a Four Power Pact between England, France, Germany and Italy invented by Mussolini. The plan displeased Gömbös who was afraid that its realization would have obstructed the Hungarian ambitions,⁷⁹ so – being angry with Italy – he began to make up to others as well. Mussolini suggested in his original idea that „*for the European peace*” the four Great Powers would not have to hold aloof the revision of the Versaille Peace System,⁸⁰ but France pinned down the principle of status quo, so modifications were carried out on the project, and the Great Powers – together with Italy – accepted them in order to preclude the German expansion.⁸¹ So Gömbös was not angry with Mussolini because of the plan of the Four Power Pact, but for accepting the modifications which meant disadvantage for Hungary. In the Pact the four Great Powers agreed that they would help the economic and financial stabilization of Central-Europe.⁸²

After signing the Four Power Pact the main question of European diplomatic life became the Anschluss, or rather, the struggle for its to halt it. That is why Gömbös thought it was time to bring up the plan of the Italian–Austrian–Hungarian customs union again, even if it was already evident by 1933 that the Brocchi-system was unrealizable in practice.⁸³ The Austrian chancellor Engelbert Dollfuss thanked Mussolini his friendly behaviour with Austria, and he explained that he had not insisted on an economic and political cooperation with Italy and Hungary anymore, although he pinned down that he wanted to have good relations with Germany as well.⁸⁴ During the summer another very important thing happened after that the realization of the trial bloc was really wrapped up: France, who was Italy’s rival in the Danubian basin, recognized that Italy was the principal power in the region because the Danubian States were interested in Adriatic commercial.⁸⁵ The final kick to Mussolini for the realization of the trial agreement was the signature of a contract which completed the Hungarian–German commercial accord made in 1931.⁸⁶ In this new agreement, signed on 21 February 1934, the signatories agreed that in the future Germany would buy the overproduction of Hungarian wheat. In exchange for it Hungary promised that in her foreign policy she would lean on Germany as much as on Italy.⁸⁷ This contract made Mussolini awake to the fact that Italy had to consolidate her position in the Danubian region before the appearance of Germany.⁸⁸

On 14 March 1934, in Rome began the meeting of Mussolini, Gömbös and

⁷⁹ RÉTI (1998): 29.

⁸⁰ ORMOS (1969): 192.

⁸¹ Ibid, 209.

⁸² DDI/7./14. Document 8. Note of Fulvio Suvich (Italian Secretary of Foreign Affairs), 20 July 1933. 17–18.

⁸³ ORMOS (1969): 235–238.

⁸⁴ DDI/7./14. Document 9. Engelbert Dollfuss to Mussolini, 20 July 1933. 18–22.

⁸⁵ DDI/7./14. Document 131. Fulvio Suvich to Charles Pineton de Chambrun (Envoy of France to Rome), 28 August 1933. 138–139.

⁸⁶ PRITZ (1982): 152.

⁸⁷ RÉTI (1998): 29.

⁸⁸ PRITZ (1982): 156.

Dollfuss,⁸⁹ which ended with the signature of the Roman Protocols on 17 March. The Second Protocol was entitled to [Protocol – H. P.] „*between Hungary, Austria and Italy to quicken the economy*”.⁹⁰ It explained that the aim of the protocol was to re-establish the economy of the Danubian States. For this, the three States gave preferences to each other’s exports so their national economy was vice versa completed. They agreed to resolve the difficulties that concerned Hungary because of the falling of the wheat price. They would urge and make the traffic passing the Adriatic easier, and set up a committee of three members for controlling the economic development.⁹¹ The agreement included a secret protocol as well, in which the signatories agreed that Hungary would maintain a part of her market to Austria and Italy in return for the preferences given⁹² [they thought of resolving the difficulties because of the falling of the wheat price. – H. P.]. Austria also had to give preferences to the Italian import to Austria.⁹³

The agreement – except for Germany – was welcomed favourably in all Europe. Actually, in the political world it extenuated the protocols.⁹⁴

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To summarize, it can be said that with the Italian–Hungarian Treaty of Friendship Italy became Hungary’s most important partner. For Italy Hungary was significant for realizing the Italian economic plans in the Danubian basin. During 1927–1928 the two States made bilateral contracts with each other, then in 1929 the Brocchi-plan was born, which aimed a trial bloc with the involvement of Austria. On the basis of this plan were signed the Agreements of Semmering in 1932 which proved to be inapplicable in practice. In 1933 the main problem of Europe was the Anschluss. To arrest it, the Great Powers supported the creation of the Italian–Austrian–Hungarian bloc, so on 17 March 1934 the guiders of the three States signed the Roman Protocols. It – in principle – established the contract which aimed the Italian economic expansion in the Danubian region, but – considering the fact that the protocols were not taken seriously – the expansion itself cannot be regarded to be realized. So, to sum up, the economic expansion of Italy remained an attempt without realization.

⁸⁹ RÉTI (1998): 42.

⁹⁰ MNL OL/K 70/ Bundle 334. Hungarian–Italian. 1934. 86. Roman Protocols. In Hungarian: [Jegyzőkönyv – H. P.] „*Magyarország, Ausztria és Olaszország között a gazdasági viszonyok fejlesztése érdekében.*”

⁹¹ Ibid.

⁹² Ibid.

⁹³ Ibid.

⁹⁴ ORMOS (1969): 291.